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C O N F I D E N T I A L AIT TAIPEI 000457

STATE FOR EAP/TC  
STATE PASS USTR FOR STRATFORD AND ALTBACH, TREASURY FOR  
OASIA/WINSHIP AND PISA, NSC FOR LOI, COMMERCE FOR  
4431/ITA/MAC/AP/OPB/TAIWAN, USDA FOR FAS/OCRA RADLER AND  
BEILLARD; FAS/OSTA FOR BLUM, HAMILTON, AND SHNITZLER;  
FAS/ONA FOR BERTSCH AND FAS/OFSO FOR WAINIO  
EPA OIA FOR KASMAN AND TROCHE  
DOE FOR INTERNATIONAL PUMPHREY/PRICE

E.O. 12958: DECL: 04/09/2019  
TAGS: [SENV](#) [PGOV](#) [PREL](#) [ECON](#) [ETRD](#) [SOCI](#) [EAID](#) [TW](#) [CH](#)  
SUBJECT: LEVERAGING U.S.-TAIWAN GLOBAL ISSUES COOPERATION  
TO ADVANCE U.S. INTERESTS

REF: A. TAIPEI 415  
[1](#)B. TAIPEI 200  
[1](#)C. 08 TAIPEI 1377  
[1](#)D. TAIPEI 412  
[1](#)E. 08 TAIPEI 853  
[1](#)F. TAIPEI 302  
[1](#)G. 08 TAIPEI 1701  
[1](#)H. 08 TAIPEI 1584  
[1](#)I. 08 TAIPEI 716  
[1](#)J. 08 TAIPEI 1514

Classified By: Stephen M. Young, AIT Director, for reasons 1.4 (b) and (d).

[1](#)1. (C) SUMMARY. As advanced-economy democracies, the U.S. and Taiwan already cooperate closely on a broad range of global issues. In addition to the many benefits inherent in our bilateral cooperation, the expansion of cross-Strait ties (septel) gives us new options for reinforcing U.S. global issues priorities with China and elsewhere in the region. Strengthening U.S.-Taiwan cooperation on climate change, renewable energy, food and product safety, disaster assistance and preparedness, and donor coordination offer especially promising outlets for advancing our overall interests. END SUMMARY.

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A wide range of existing cooperation  
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[1](#)2. (SBU) Despite the lack of formal diplomatic relations, the U.S. and Taiwan have concluded dozens of cooperative agreements and other arrangements. These agreements cover a broad range of environmental, health, scientific, and technical fields, including civil nuclear cooperation, consumer product and food safety, environmental protection, public health, labor affairs, biomedical sciences, seismology and earthquake monitoring, and nanoscience and nanotechnology.

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A valuable partner for the U.S...  
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¶3. (C) Our twelfth-largest trading partner, Taiwan is one of only a handful of East Asian democracies that also enjoys a high level of economic development. As a result, Taiwan combines advanced scientific and technical capacity, relatively advanced labor and environmental standards, and a vibrant civil society. These attributes are valuable in and of themselves. The U.S. already, for example, benefits from exchange with Taiwan on areas such as nuclear safety and research on alternative fuel development.

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...that can reinforce our priorities with China  
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¶4. (C) At the same time, Taiwan has a large and growing economic relationship with the PRC. Taiwan is the single largest external investor in China, and up to one million people from Taiwan live at least part time in the PRC. Formally and informally, Taiwan firms, investors, and advisors have influenced Chinese business practices and regulatory efforts. Warming cross-Straits economic ties, including prospects for a comprehensive economic agreement, (ref a), will increase outlets for cross-Straits exchange on issues of importance to the U.S. The U.S. can both benefit from its own fruitful exchange with Taiwan, and use those exchanges to buttress and expand our ESTH priorities in China and the region.

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Targeting our efforts on 5 key sectors  
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¶5. (C) Within the wide array of existing U.S.-Taiwan cooperation, our efforts can be focused among the following five priority areas:

¶A. CLIMATE CHANGE: This broad rubric includes existing U.S.-Taiwan exchanges on encouraging hybrid vehicle use (ref b) and other forms of environmental cooperation (ref c) designed to reduce carbon emissions. In some cases, enhanced cooperation with Taiwan is valuable in and of itself. DOE, for example, has noted initial interest in facilitating greater U.S. access to Taiwan's cutting-edge hydrogen fuel cell research, including through possible U.S. support for Taiwan observer status at the International Partnership for the Hydrogen Economy (IPHE). Prospects for increased cross-Straits cooperation in areas such as solar energy technology (ref d) may reinforce overall U.S. climate change goals, as well as be of specific interest to U.S. business. On a deeper level, the Ma administration's emphasis on carbon reduction (ref e) and a growing cross-Straits exchange on environmental issues (ref f) can bolster our own underlying policy goals. In particular, Taiwan is a natural partner in our efforts to address transboundary air pollution from the PRC.

¶B. RENEWABLE ENERGY: Improving energy efficiency and developing renewable and alternative energies are key to Taiwan's energy strategy for the next decade. Solar and wind power are now the most viable renewable energy sources in Taiwan. Taiwan is also, however, researching the use of tidal, geothermal, marine current, and biomass energy sources. Energy delivery systems, such as integrated power grids, smart grids, and micro-grids, are also priority areas of development. In addition, clean coal technology, coal gasification systems, and combined cycles will continue to play a role in Taiwan's plans to develop fossil fuel alternatives. Cooperation with the U.S. can take the form of partnerships, joint ventures, and other mechanisms. DOE may also consider establishing a cooperative agreement with Taiwan on alternative energy development and related issues.

¶C. FOOD AND PRODUCT SAFETY: The U.S. and Taiwan share similar official and public concerns about the importance of improving China's food and product safety standards. Taiwan is using U.S. FDA as a model in establishing its own counterpart agency (ref g). Taiwan's consumer NGOs already have unofficial counterparts with similar organizations in the PRC. U.S., and many Taiwan, investors in China adhere to

high food and product safety standards that can serve as models for Chinese business. Food safety has assumed a prominent role in cross-Straits economic talks (ref h), where Taiwan's food safety agenda coincides in large part with our own.

1D. DISASTER ASSISTANCE AND PREPAREDNESS: Taiwan's private foundations are especially active in regional disaster relief activity, having played prominent roles after the 2008 Sichuan earthquake (ref i) as well as in Burma and other countries in the region. Taiwan has highlighted its disaster relief expertise within APEC (ref j), enhancing cooperation with China and other member economies.

1E. DONOR COORDINATION: Taiwan is now revising its entire foreign aid program. The goal is to end the era of "dollar diplomacy" competition with the PRC for diplomatic allies. While Taiwan will continue to focus aid on its formal diplomatic allies, the new strategy will emphasize transparency and public/private partnerships. This approach is in keeping with U.S. efforts, and many recipients are South Pacific island states with which the U.S. enjoys special relations. A structured, but unofficial, aid dialogue, possibly including Australia, New Zealand, and other key donors, would advance U.S. interests in the region. In particular, donor coordination with Taiwan would ensure that limited assistance resources are used to best effect, and would help make certain that Taiwan aid efforts remain open, transparent, and focused on development goals.

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Concrete strategies for achieving results  
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16. (C) For each of these key sectors, the U.S. should take a comprehensive approach that 1) pursues our existing bilateral interests with Taiwan; 2) leverages Taiwan's expertise to reinforce our positions on cross-Straits relations and complement our efforts in China; and 3) showcase Taiwan's advanced economy, vibrant democracy, and dynamic civil society as a model for China and the rest of the region.

17. (C) Concrete strategies for pursuing this approach include:

-- Engaging civil society: For example, facilitating contacts between U.S. and Taiwan humanitarian assistance NGOs with specific regional and/or disaster (i.e. earthquake, flood) expertise.

-- Using private sector expertise: Organize exchanges on food safety, energy efficiency, and/or environmental standards between U.S. and Taiwan firms, especially those with a significant PRC presence.

-- Encouraging cross-Straits cooperation within APEC: Coordinate to involve Taiwan and the PRC in additional humanitarian disaster assistance, renewable energy development, and/or environmental initiatives within APEC

-- Use IV programs, guest speakers, DVCs, USG visitors, and other exchanges to develop and highlight U.S.-Taiwan cooperation in targeted areas, such as the recent DVC on incentives for hybrid vehicle use.

-- Selectively support enhanced Taiwan participation in scientific and technical organizations for which statehood is not a membership requirement, such as the International Partnership for the Hydrogen Economy (IPHE), various fisheries organizations, etc.

-- Organizing trade programs and other commercial activities in areas of U.S. environmental and commercial interest, such as renewable energy development, "green" building materials, etc.

18. (C) COMMENT. In the 1990s, the U.S. and Japan characterized their extensive global issues cooperation as the "Common Agenda". Our efforts with Taiwan, while similar in scope, do not necessarily need to be packaged under a

single umbrella. Instead of the existing piecemeal approach to our diverse array of cooperative initiatives with Taiwan, however, the targeted strategy outlined above would give us greater scope in leveraging Taiwan's many strengths in ways that would amplify the benefits of cooperation in priority areas where they would have the greatest impact for ourselves, Taiwan, China, and the region. END COMMENT.

YOUNG